



Appendix.

Revenue Act of 1936, c. 690, 49 Stat. 1648:

"Sec. 22. Gross Income.

"(a) *General Definition*.—"Gross income" includes gains, profits, and income derived from salaries, wages, or compensation for personal service, of whatever kind and in whatever form paid, or from professions, vocations, trades, businesses, commerce, or sales, or dealings in property, whether real or personal, growing out of the ownership or use of or interest in such property; also from interest, rent, dividends, securities, or the transaction of any business carried on for gain or profit, or gains or profits and income derived from any source whatever. * * *

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"Section 111. Determination of Account of, and Recognition of, Gain or Loss.

"(a) *Computation of Gain or Loss*.—The gain from the sale or other disposition of property shall be the excess of the amount realized therefrom over the adjusted basis provided in section 113 (b) for determining gain, and the loss shall be the excess of the adjusted basis provided in such section for determining loss over the amount realized.

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"Sec. 112. *Recognition of Gain or Loss*.

"(a) *General Rule*.—Upon the sale or exchange of property the entire amount of the gain or loss, determined under section 111, shall be recognized, except as herein-after provided in this section.

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“Sec. 113. *Adjusted Basis for Determining Gain or Loss.*

“(a) *Basis (Unadjusted) of Property.*—The basis of property shall be the cost of such property;

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“(b) *Adjusted Basis.*—The adjusted basis for determining the gain or loss from the sale or other disposition of property, whenever acquired, shall be the basis determined under subsection (a), adjusted as hereinafter provided.

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